



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 26, 2010

Certified Return Receipt
7003 2260 0002 0247 9499

Shelly Harris
The Village Bank
294 East Tabernacle
St. George, Utah 84770

Subject: Non-Renewal of Letter of Credit # _____ MMG Mining, Bald Knoll Mine, S/025/0012,
Kane County, Utah

Dear Ms. Harris:

The Utah Division of Oil, Gas and Mining (Division) received your letter dated April 15, 2010, regarding non-renewal of Letter of Credit (LOC) # _____ in the amount of \$24,600.00. The mine operator, MMG Mining, has been advised that a replacement surety must be provided by June 21, 2010. If a replacement surety is not provided by that date, the Division will immediately submit to you its sight draft for the full face value of the letter of credit. The Division anticipates that payment of \$24,600.00 will be made by delivery of certified funds payable to the State of Utah within two days following your receipt of the sight draft. Payment should be sent to the above address by a next day delivery. The Division will hold the funds as surety for the School and Institutional Trust Lands Administration and itself to be used for reclamation of the Bald Knoll mine pending a forfeiture action to be filed before the Board of Oil, Gas and Mining.

We are anticipating that the operator will not fulfill this bonding requirement and the Division will have to move forward with the presentation of the sight draft. Please advise if you have any questions and let me know in writing if this procedure is not acceptable.

Thank you. If you have any questions, please feel free to call me at (801) 538-5261.

Sincerely,

Paul Baker
Minerals Program Manager

PBB:pb

Enclosures: Letter dated April 15, 2010 and Sight Draft

Cc: John Blake, SITLA

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